Defense Logistics Agency

Titanium Symposium

Reconfiguration of the National Defense Stockpile

Ms. Scottie Knott
Director, Acquisition Management (J-7)
August 5, 2008

Agenda

- National Defense Stockpile (NDS) History
- NDS Study
- Working Group
- DNSC “Reconfiguration”
- Timelines

National Defense Stockpile

History

- NDS Program established in 1939
- Purpose: to preclude dependence on foreign sources of supply in time of national emergency
- Prior to 1988, jointly managed by Federal Emergency Management Agency and General Services Administration
- Executive Order 12626 – President Reagan designated the Secretary of Defense as the “Stockpile Manager”
- Starting in Fiscal Year (FY) 1994, Congress began authorizing the sale of excess NDS inventory

NDS Study

- Concerns raised about DOD's ability to supply material for defense programs
  - Current market conditions & increasing reliance on foreign sources of supply for defense needs
- Congress directed DOD to review current policy to dispose of material and determine whether the NDS should be re-configured to adapt to present world market conditions to ensure material availability
- USD (AT&L) established a Working Group (WG) to address these concerns and other issues related

Working Group

- **Membership:**
  - Office of Secretary of Defense (OSD) (Industrial Policy (IP and L&MR))
  - Joint Chiefs of Staff/J-8
  - Army, Navy, Air Force, Marines
  - DLA (Acquisition Management (J-7)/DNSC
  - Defense Contract Management Agency
  - Department of Commerce
  - U.S. Geological Survey (USGS)

DNSC "Reconfiguration"

Old Process

- Military Conflict Scenarios
- Static list
  - Few Changes
  - Not reviewed by Services
- Country Reliability
  - Limited to result of conflict scenarios
  - Willingness to sell to U.S.
- Stockpile potential shortfalls

New Process

- Considerations
  - Military conflicts Scenarios
  - Peacetime Scenarios
- Dynamic List
  - Military weapons platforms
  - Input from Military Services
  - Reviewed by Military Services
- Country Reliability
  - Conflict scenario
    - Willingness to sell to U.S.
  - Peacetime Scenario
    - Willingness to sell to U.S.
    - Ability to sell to U.S.
- Mitigate Supply Risk
  - Strategic Sourcing
  - Buffer Stock
  - Virtual Managed Inventory
  - Partnering with other countries

Timeline & Implementation

- **Timeline:**
  - Nov 21, 2008 – WG report due to USD(AT&L)
  - Nov 28, 2008 – SECDEF report submitted to Congress

- **Implementation:**
  - Begin implementation after Congressional concurrence